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**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
BOARD OF ADMINISTRATION  
FINANCE COMMITTEE**

**MINUTES OF MEETING**

**April 13, 2007**

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The Finance Committee met on Friday, April 13, 2007, in the Lincoln Plaza Building at 400 Q Street, Sacramento, California.

The meeting was called to order at 9:40 a.m. and the following members were present:

Robert Carlson, Chair  
Michael Carter for John Chiang, Vice Chair  
Marjorie Berte  
Steve Coony for Bill Lockyer  
Kurato Shimada

Other Board Member(s) present:  
Priya Mathur

**AGENDA ITEM 2 – APPROVAL OF March 9, 2007, MEETING MINUTES**

The minutes were approved as presented.

**AGENDA ITEM 3 – CHIEF AUDITOR'S REPORT**

Larry Jensen, Chief Auditor, Office of Audit Services presented a matrix reflecting the status of various activities occurring within the Office of Audit Services to the Committee as an information item.

At the direction of the Chair, Office of Audit Services staff will prepare an Auditor Compensation Study agenda item for the June 2007 Finance Committee meeting.

#### **AGENDA ITEM 4 – INDEPENDENT REAL ESTATE AUDITOR – SPRING FED POOL FINALIST**

Mr. Jensen presented the Independent Real Estate Auditor – Spring Fed Pool Finalist to the Committee as an action item. After a brief discussion regarding the need for real estate compliance auditors, the Chair directed staff to provide a report detailing what firms have offices at the international locations where CalPERS currently owns property at the next Finance Committee meeting.

On **MOTION** by Mr. Shimada, **SECONDED**, and **CARRIED**, the Committee recommended the Board approve the selection of the firms with the highest scores in each audit specialty. Additionally, firms may be subject to final negotiations and satisfaction of all requirements. Each of the selected firms will be awarded a three-year contract with the opportunity to extend the contract for two additional one-year periods.

#### **AGENDA ITEM 5 – OFFICE OF ENTERPRISE COMPLIANCE QUARTERLY STATUS REPORT**

Patrick Gage, Assistant Division Chief, Office of Enterprise Compliance, presented the quarterly status report to the Committee as an information item.

#### **AGENDA ITEM 6 – COMPLIANCE OFFICE REPORT**

Sherry Johnstone, Chief Compliance Officer, Office of Enterprise Compliance, presented matrix reflecting the status of various activities occurring within the Office of Enterprise Compliance to the Committee as an information item.

**AGENDA ITEM 7** – Gene Reich and Teri Bennett, Information Technology Services Branch, presented a matrix that reflected the current status of the Pension System Resumption (PSR) and EMBARC Projects to the Committee as an information item.

Ms. Bennett introduced the new PSR Project Manager, Peter Morelli, to the Committee.

#### **AGENDA ITEM 8 – ANNUAL REPORT OF DISCHARGE FROM ACCOUNTABILITY OF UNCOLLECTIBLE DEBT**

Chuck Beckwith, Assistant Chief, Fiscal Services Division, presented the Annual Report of Discharge from Accountability of Uncollectible Debt to the Committee as an information item.

## **AGENDA ITEM 9 – FISCAL YEAR 2007-08 BUDGET PROPOSALS (SECOND READING)**

Russell Fong, Chief, Fiscal Services Division, presented the second reading of the Fiscal Year 2007-08 Budget Proposals to the Committee as an action item.

On **MOTION** by Ms. Berte, **SECONDED**, and **CARRIED**, the Committee recommended the Board approve the following:

- (1) Approve the proposed Fiscal Year (FY) 2007-08 Administrative Budget of \$315,095,949 and 2,154 positions as a second reading.
- (2) Approve the proposed FY 2007-08 CalPERS Headquarters Building Account (CHBA) Budget of \$36,629,410 as a second reading.
- (3) Approve the proposed FY 2007-08 Enterprise Projects Budget of \$83,556,972 as a second reading.
- (4) Approve the transmittal of this agenda item to the Joint Legislative Budget Committee, fiscal committees of the Legislature, State Controller, and Department of Finance, in accordance with the Budget Act of 2006, and to the Legislative Analyst's Office, State and Consumer Services Agency, and the Office of the Legislative Counsel.

## **AGENDA ITEM 10 – CURRENT BUDGET ISSUES**

Lyn Vice, Assistant Chief, Fiscal Services Division, presented current budget issues to the Committee as an information item.

## **AGENDA ITEM 11 – FINANCE COMMITTEE CHARTER**

Kimberlee Pulido, Budget Manager, Fiscal Services Division, presented a revised Finance Committee Charter to the Committee as an information item. Since the Committee had no changes, the Committee took action to approve the revised Finance Committee Charter as a first reading.

On **MOTION** by Mr. Shimada, **SECONDED**, and **CARRIED**, the Committee recommended the Board approve the revised Finance Committee Charter as a first reading.

## **AGENDA ITEM 12 – KLEINFELDER CONTRACT EXTENSION**

Diana Proctor, R Street Project Manager, presented a request to extend the Kleinfelder Contract for the Headquarters Expansion Project to the Committee as an action item.

On **MOTION** by Mr. Coony, **SECONDED**, and **CARRIED**, the Committee recommended the Board approve the contract for inspection services on the Headquarters Expansion Project by Kleinfelder, Inc. to exceed the 5-year term limit policy pursuant to Board Resolution 92-04B-4.

### **AGENDA ITEM 13 – ASSISTANT EXECUTIVE OFFICER REPORT**

John Hiber, Assistant Executive Officer, Administrative Services Branch, presented a matrix that reflected the status of several projects to the Committee as an information item.

### **AGENDA ITEM 14 – PROPOSED JUNE 2007 AGENDA**

Mr. Hiber presented the Proposed June 2007 agenda to the Committee. The agenda was approved with the addition of the following items:

- Audit Classification Analysis
- Finance Committee Charter – Second Reading

### **AGENDA ITEM 15 – PUBLIC COMMENT**

There was no public comment.

The next Finance Committee meeting is scheduled for June 15, 2007, in Sacramento, California.